

**STATE OF SOUTH CAROLINA**  
**BEFORE THE PUBLIC SERVICE COMMISSION**

**DOCKET NO. 2019-2-E**

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In re: Annual Review of Base	)	<b>COMMENTS ON PROPOSED PREFILE SCHEDULE FOR TESTIMONY AND HEARING</b>
Rates for Fuel Costs for South	)	
Carolina Electric & Gas Company	)	
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The South Carolina Coastal Conservation League (“CCL”) and Southern Alliance for Clean Energy (“SACE”) (collectively, the “Conservation Groups”) submit the following comments in response to Hearing Officer Butler’s June 21, 2018 directive in South Carolina Public Service Commission (“Commission”) Docket No. 2019-2-E. The directive set forth a proposed schedule for the 2019 fuel cost proceeding for South Carolina Electric & Gas Company (“SCE&G” or the “Company”). Conservation Groups appreciate the opportunity to comment and support the proposed timeline as an improvement over previous fuel cost proceeding timelines. Conservation Groups submit two additional recommendations below for further improvement.

Over the past few years, SCE&G’s fuel cost proceedings have ballooned to encompass many important and time-intensive issues beyond the traditional focus of fuel cost recovery. This list most notably includes the Company’s updates and proposals related to avoided cost rates paid to independent renewable power companies under the Public Utility Regulatory Policies Act (“PURPA”). In the Company’s most recent fuel cost proceeding, intervenors shared concerns with the Commission regarding difficulties

with the tight schedule that limited the intervenors' ability to fully conduct discovery and vet the Company's proposals within the scheduled timeframe.

Conservation Groups appreciate and support the additional time allotted in the proposed 2019-2-E schedule between the Company's direct testimony filing deadline and intervenors' direct testimony deadline. This proposal will allow additional and needed time for discovery and analysis of the Company's filings. The proposed schedule will also allow the Commission more time to address any discovery related or other procedural disputes.

Conservation Groups support the proposed approach of requiring the Company to file its Integrated Resource Plan ("IRP") at the same time as its direct testimony in the fuel cost proceeding. Ideally, the IRP would be filed far enough in advance of the initial fuel cost deadlines to allow the Company to take comments from the IRP docket into account when preparing its avoided cost/fuel cost rates and testimony. But absent this approach, the proposed schedule at least provides for the IRP to be filed at the same time as direct testimony (rather than after this deadline), which will allow more time to coordinate discovery and vet the IRP compared to prior year proceedings. Conservation Groups further request that the Company make available its supporting workpapers at the same time as it files the IRP and direct testimony, to minimize any delays with requesting and providing those documents during discovery.

Conservation Groups offer the following additional recommendations for the Commission and Hearing Officer's consideration, to further improve the schedule in the 2019 fuel cost proceeding.

- 1) The Commission should consider moving up the entire schedule an additional two weeks, to allow more time for the Commission to make its final decision at the end of the proceeding. Conservation Groups have observed in past fuel cost proceedings that the Commission has very little time to make a decision after the proposed orders and post-hearing briefs are submitted. Because the fuel cost tariffs generally take effect May 1 for SCE&G, the Commission may only have a week (or less) after proposed orders are filed to rule on the extensive matters now addressed in the Company's fuel cost proceedings. Beginning the entire schedule two weeks earlier would provide the Commission with additional time to consider the parties' positions in the proceeding.
- 2) The Commission should direct any future proposed changes to the Company's PURPA avoided cost methodology and application to a separate docket. Historically, avoided cost rates and changes have been addressed in Commission Docket No. 1995-1192-E. The primary cause of discovery and timing difficulties in the 2018 fuel cost docket centered on the Company's avoided cost proposals and related IRP assumptions. We note that these difficulties are acute in the case of SCE&G (as opposed to Duke Energy Carolinas or Duke Energy Progress) because SCE&G has chosen to base the calculation of the value of avoided capacity on proprietary computer modeling within its IRP. Addressing these issues in a separate proceeding would allow the historic fuel cost recovery issues to proceed more efficiently in the time-constrained fuel cost proceeding.

Considering future avoided cost methodology changes in a separate proceeding would preserve the historic nature of the fuel cost proceedings as a

periodic adjustment to an already-established tariff structure, based on well-understood inputs. Historically, the fuel cost proceedings have focused on verifying costs actually incurred and ensuring that they were incurred prudently. In contrast, setting avoided cost rates are by nature forward-looking and involve a range of considerations that go well beyond fuel costs. Such forward-looking, broader considerations may be manageable within a fuel-adjustment proceeding, but ideally the methodologies should be first established and well-understood, such that intervenors (including ORS) are largely reviewing known and transparent inputs with replicable results (i.e., “checking the math”), rather than arguing about the broader framework and methodology for those inputs.

Thank you for the opportunity to provide feedback on the proposed schedule for Commission Docket No. 2019-2-E. Please do not hesitate to contact me with any questions about these comments.

Respectfully submitted this 12th day of July, 2018.

s/ J. Blanding Holman, IV

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CERTIFICATE OF SERVICE

I hereby certify that the parties listed below have been served via electronic mail with a copy of the Comments on Proposed Profile Schedule for Testimony and Hearing filed on behalf of South Carolina Coastal Conservation League and Southern Alliance for Clean Energy.

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This 12th day of July, 2018.

s/ Lauren Fry  
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